

FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

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214447

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July 29, 2005

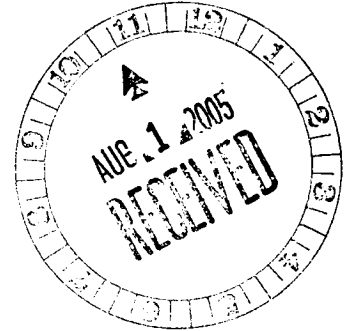
VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20006

ENTERED
Office of Proceedings

AUG 01 2005

Part of
Public Record



Re: **Finance Docket No. 34714**
Arkansas Midland Railroad Company, Inc. -- Lease
Exemption -- Line of Union Pacific Railroad Company

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of the **Verified Notice of Exemption of Arkansas Midland Railroad Company, Inc. Pursuant to 49 C.F.R. § 1150.41**, dated July 29, 2005. A check in the amount of \$1,500.00, representing the appropriate fee for this filing, and a 3.5-inch computer diskette containing the text of the Notice and the *Federal Register* caption summary in MS Word 2000 format are attached.

One extra copy of the Notice and this letter also are enclosed. I would request that you date-stamp those items to show receipt of this filing and return them to me in the provided envelope.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,

Thomas J. Litwiler
Attorney for Arkansas Midland
Railroad Company, Inc.

FILED RECEIVED

TJL:tl

Enclosures

FILED

AUG 1 2005

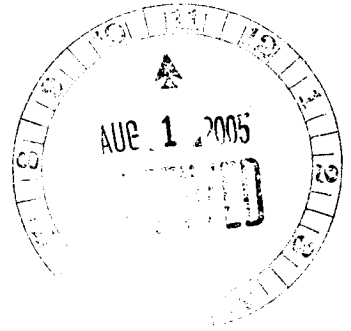
SURFACE
TRANSPORTATION BOARD

BEFORE THE
SURFACE TRANSPORTATION BOARD

ORIGINAL

FINANCE DOCKET NO. 34714

ARKANSAS MIDLAND RAILROAD COMPANY, INC.
-- LEASE EXEMPTION --
LINE OF UNION PACIFIC RAILROAD COMPANY



VERIFIED NOTICE OF EXEMPTION
OF
ARKANSAS MIDLAND RAILROAD COMPANY, INC.
PURSUANT TO 49 C.F.R. § 1150.41

FILED

ENTERED
Office of Proceedings

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AUG 1 2005

SURFACE
TRANSPORTATION BOARD

NOT RECEIVED

AUG 1 2005

SURFACE

TRANSPORTATION BOARD

William C. Sippel
Thomas J. Litwiler
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

**ATTORNEYS FOR ARKANSAS MILDAND
RAILROAD COMPANY, INC.**

Dated: July 29, 2005

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 34714

ARKANSAS MIDLAND RAILROAD COMPANY, INC.
-- LEASE EXEMPTION --
LINE OF UNION PACIFIC RAILROAD COMPANY

**VERIFIED NOTICE OF EXEMPTION
OF
ARKANAS MIDLAND RAILROAD COMPANY, INC.
PURSUANT TO 49 C.F.R. § 1150.41**

Pursuant to 49 C.F.R. § 1150.41, et seq., Arkansas Midland Railroad Company, Inc. ("AKMD"), a Class III rail carrier, hereby files this Verified Notice of Exemption to lease and operate a line of railroad of Union Pacific Railroad Company ("UP") extending from McGehee to Cypress Bend, Arkansas and certain connecting trackage, a total distance of approximately 11.2 route miles (the "Cypress Bend Line"). Based on projected revenues for the Cypress Bend Line, AKMD expects to remain a Class III rail carrier after consummation of the transaction proposed herein.

In accordance with the requirements of 49 C.F.R. § 1150.43, AKMD submits the following information:

Name and Address of Applicant: 49 C.F.R. § 1150.43(a)

The full name and address of the rail carrier applicant herein is as follows:

Arkansas Midland Railroad Company, Inc.
Jones Mill Industrial Park
314 Reynolds Road, Building 41
Malvern, AR 72104
(501) 844-4444

Applicant's Representative: 49 C.F.R. § 1150.43(b)

AKMD's representative to whom correspondence regarding this transaction should be sent is as follows:

William C. Sippel
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, IL 60606-2832
(312) 252-1500

Statement Concerning Agreement: 49 C.F.R. § 1150.43(c)

AKMD and UP expect to execute shortly an agreement providing for AKMD's lease of the Cypress Bend Line. The agreement will be denominated as an "Amendment and Third Supplement" to a pre-existing agreement between the parties.

Operation of the Property: 49 C.F.R. § 1150.43(d)

AKMD will operate and provide all rail common carrier service on the Cypress Bend Line pursuant to the lease transaction proposed herein.

Summary of the Transaction: 49 C.F.R. § 1150.43(e)

AKMD is a Class III common carrier by rail which owns or leases and operates approximately 99 miles of rail line at four locations in the State of Arkansas. See, e.g., Arkansas Midland Railroad Company, Inc. -- Acquisition and Operation Exemption -- Missouri Pacific Railroad Company, Finance Docket No. 31999 (ICC served March 6, 1992); Arkansas Midland Railroad Company -- Lease and Operation Exemption -- Union Pacific Railroad Company, Finance Docket No. 33908 (STB served August 23, 2000). In 2004, AKMD leased a UP line between Dermott and Warren, Arkansas (the "Warren Line"), obtained limited incidental overhead trackage rights on UP's line between Dermott and McGehee, Arkansas, and leased

certain facilities at UP's McGehee Yard. Arkansas Midland Railroad Company, Inc. -- Change in Operators Exemption -- Line of Union Pacific Railroad Company, Finance Docket No. 34567 (STB served November 17, 2004).

AKMD is a wholly-owned subsidiary of Pinsly Railroad Company, a non-carrier holding company which also controls four other Class III rail carriers in Florida and Massachusetts. See Pinsly Railroad Company -- Continuance in Control Exemption -- Arkansas Midland Railroad Company, Inc., Finance Docket No. 32001 (ICC served March 6, 1992).

Pursuant to the agreement to be entered into by AKMD and UP, AKMD will lease and operate UP's Cypress Bend Industrial Lead between milepost 407.5 at McGehee, Arkansas and milepost 399.7 at Cypress Bend, Arkansas and UP's Potlatch Spur between milepost 0.0 (milepost 399.7 on the Cypress Bend Industrial Lead) and approximately milepost 3.4 at the connection with the industrial trackage of Potlatch Corporation's Cypress Bend Mill near Arkansas City, Arkansas. The total distance of the Cypress Bend Industrial Lead and the Potlatch Spur (collectively, the "Cypress Bend Line") is approximately 11.2 route miles. AKMD also will lease the yard at the east end of the Potlatch Spur and, except for yard tracks 001 and 002, the remainder of McGehee Yard that it does not already lease.

In connection with the proposed transaction, AKMD also will obtain restated incidental bridge trackage rights over UP's rail line from milepost 406.5 at McGehee and milepost 415.26 at Dermott to allow the movement of through traffic between the Cypress Bend Line/McGehee Yard and the Warren Line.

The complete name and address of the carrier leasing the Cypress Bend Line to AKMD is as follows:

Union Pacific Railroad Company
1400 Douglas Street
Omaha, NE 48179

AKMD intends to consummate its lease of the Cypress Bend Line and commence operations on the line on or shortly after August 8, 2005.

Map: 49 C.F.R. § 1150.43(f)

A map showing the Cypress Bend Line and the surrounding area is attached as Exhibit A to this Notice.

Certificate of Compliance: 49 C.F.R. § 1150.43(g)

A Certificate of Compliance with the provisions of 49 C.F.R. § 1150.43(g) is attached as Exhibit B to this Notice.

Advance Notice: 49 C.F.R. § 1150.42(e)

AKMD posted the 60-day notice of this transaction required by 49 C.F.R. § 1150.42(e) at the workplace of UP employees in McGehee, Arkansas on June 3, 2005, and so certified to the Board on June 9, 2005. A copy of the 60-day notice and certification as filed with the Board is attached as Exhibit C to this Notice.

Environmental and Historic Preservation Data: 49 C.F.R. § 1105

Under 49 C.F.R. § 1105.6(c)(2), AKMD's proposed lease and operation of the Cypress Bend Line is exempt from environmental reporting requirements. The proposed transaction will not result in significant changes in carrier operations, i.e., changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5).

Under 49 C.F.R. § 1105.8(b)(1), AKMD's lease and operation of the Cypress Bend Line also is exempt from historic preservation reporting requirements. The proposed lease

is for the purpose of continued rail operations. Further Surface Transportation Board approval is required to abandon or discontinue any service and there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older.

Caption Summary: 49 C.F.R. § 1150.44

A caption summary in appropriate form is attached as Exhibit D to this Notice.

Respectfully submitted,

By: 

William C. Sippel

Thomas J. Litwiler

Fletcher & Sippel LLC

29 North Wacker Drive

Suite 920

Chicago, Illinois 60606-2832

(312) 252-1500

**ATTORNEYS FOR ARKANSAS MIDLAND
RAILROAD COMPANY, INC.**

Dated: July 29, 2005

EXHIBIT A

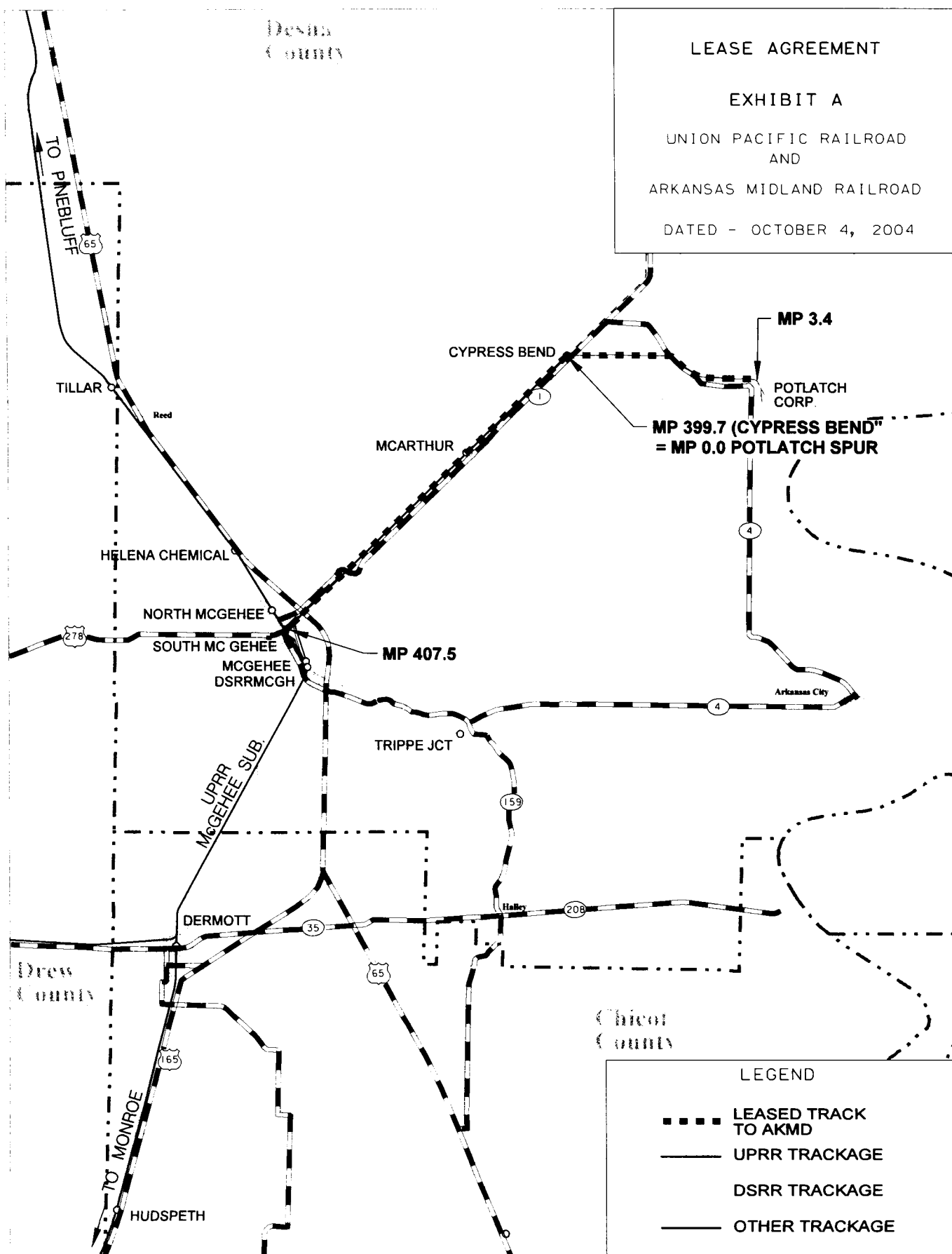
LEASE AGREEMENT

EXHIBIT A

UNION PACIFIC RAILROAD
AND

ARKANSAS MIDLAND RAILROAD

DATED - OCTOBER 4, 2004



DATE: 04-May-05 3:03 FILE: g:\Exhibit_A\Arkansas branch exhibit a.dgn

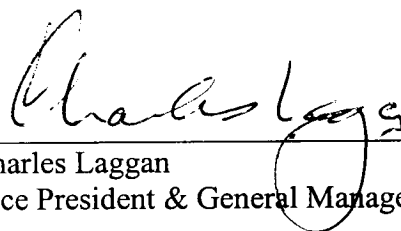
CERTIFICATION

State of Arkansas)
) ss:
County of Hot Spring)

Charles Laggan, being duly sworn, hereby certifies that:

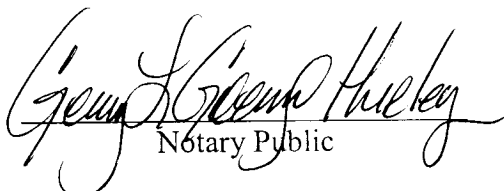
1. The projected annual rail revenues of Arkansas Midland Railroad Company, Inc. as a result of the transaction proposed herein will not result in the creation of a Class II or a Class I rail carrier under the provisions of 49 C.F.R. § 1201 (1-1).

2. Arkansas Midland Railroad Company, Inc. has posted notice of the transaction proposed herein to employees on the involved rail line in conformance with 49 C.F.R. § 1150.42(e).



Charles Laggan
Vice President & General Manager

SUBSCRIBED AND SWORN TO
before me this 27 day
of July, 2005.



Notary Public

My Commission expires:

Aug 8, 2007

FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832

WILLIAM C. SIPPEL
(312) 252-1505
wsippel@fletcher-sippel.com

June 8, 2005

Phone: (312) 252-1500
Fax: (312) 252-2400
www.fletcher-sippel.com

VIA FEDERAL EXPRESS

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, DC 20423-0001

ENTERED
Office of Proceedings
JUN 9 - 2005
Part of
Public Record



Re: **STB Finance Docket No. 34714**
Arkansas Midland Railroad Company, Inc. -- Lease
Exemption -- Line of Union Pacific Railroad Company

Dear Secretary Williams:

Arkansas Midland Railroad Company, Inc. ("AKMD") hereby certifies that on June 3, 2005, the attached Notice was posted at the workplace in McGehee, Arkansas of employees of Union Pacific Railroad Company ("UP") who work on the rail line between McGehee and Cypress Bend, Arkansas, including the contiguous Potlatch Spur (collectively the "Cypress Bend Line") that is the subject of this lease exemption proceeding. Per the attached Certificate of Service, a copy of the Notice has been served on the national offices of the labor unions representing UP employees who work on the Cypress Bend Line.

AKMD expects to file with the Board shortly a Verified Notice of Exemption pursuant to 49 C.F.R. § 1150.41 et seq. for AKMD to lease and operate the Cypress Bend Line.

Ten copies of the Notice and this letter are enclosed for filing with the Board. One extra copy of this Notice and this letter are also enclosed. I would request that you date-stamp them to show receipt of this filing and return to me in the provided envelope.

If you have any questions regarding this filing, please feel free to contact me. Thank you for your assistance on this matter.

Respectfully submitted,

William C. Sippel
Attorney for Arkansas Midland
Railroad Company, Inc.

WCS/pj
Enclosures

ARKANSAS MIDLAND RAILROAD COMPANY, INC.
314 Reynolds Road, Building 41
Malvern, Arkansas 72104



NOTICE

Pursuant to regulations of the Surface Transportation Board ("STB") at 49 C.F.R. § 1150.42(e), Arkansas Midland Railroad Company, Inc. ("AKMD"), a Class III rail carrier, hereby gives notice to employees of Union Pacific Railroad Company ("UP") that commencing on or about July 25, 2005, AKMD intends to lease and operate UP's Cypress Bend Industrial Lead between Milepost 407.7 at McGehee, Arkansas and Milepost 399.7 at Cypress Bend, Arkansas and the contiguous line of railroad known as the Potlatch Spur from its connection with the Cypress Bend Industrial Lead to the connection with the industrial trackage of Potlatch Corporation's Cypress Bend Mill near Arkansas City, Arkansas, including the yard at the east end of the Potlatch Spur. Except for yard tracks 001 and 002, AKMD will also lease the remainder of McGehee Yard that it does not already lease.

As a result of the transaction, AKMD expects to create 2-4 new Trainman/Engineman positions based at McGehee, Arkansas with a starting rate of pay of \$10.00-12.00 per hour depending on experience. Employees will be provided with medical, dental and disability insurance, railroad retirement, holidays, vacation, a 401(k) plan and other benefits consistent with the benefits currently provided to AKMD employees with similar jobs.

AKMD is an equal opportunity employer. Employees will be selected based upon their experience and suitability for the jobs that may be offered. Successful applicants will be required to pass a pre-employment drug and alcohol screening test, complete a medical questionnaire and take a physical exam.

Applications for employment should be made by sending a letter and resume stating the applicant's experience, providing references for any employment held during the last five years and any rail industry employment held at any time. The applicant must be available to start work at least 30 days before commencement of operations. The letter should be sent by registered mail to:

Gary Brown
Assistant General Manager
Arkansas Midland Railroad Company, Inc.
314 Reynolds Road, Building 41
Malvern, Arkansas 72104
501/844-4444.

CERTIFICATE OF SERVICE

I certify that I have this day served a copy of the attached Notice upon the following by first-class mail, postage prepaid:

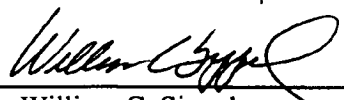
Mr. Don M. Hahs
International President
Brotherhood of Locomotive Engineers & Trainmen
1370 Ontario Street
Cleveland, Ohio 44113-1702

Mr. W.D. Pickett, Jr.
President
Brotherhood of Railroad Signalmen
917 Shenandoah Shores Road
Front Royal, Virginia 22630

Mr. Freddie N. Simpson
President
Brotherhood of Maintenance of Way Employees
20300 Civic Center Drive, Suite 320
Southfield, Michigan 48076-4169

Mr. Paul Thompson
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dated at Chicago, Illinois this 8th day of June, 2005.



William C. Sippel

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

FINANCE DOCKET NO. 34714

ARKANSAS MIDLAND RAILROAD COMPANY, INC.
-- LEASE EXEMPTION --
LINE OF UNION PACIFIC RAILROAD COMPANY

Arkansas Midland Railroad Company, Inc. ("AKMD"), a Class III rail carrier, has filed a Verified Notice of Exemption to lease from Union Pacific Railroad Company ("UP") and operate UP's Cypress Bend Industrial Lead between milepost 407.5 at McGehee, Arkansas and milepost 399.7 at Cypress Bend, Arkansas and UP's Potlatch Spur between milepost 0.0 (milepost 399.7 on the Cypress Bend Industrial Lead) and approximately milepost 3.4 at the connection with the industrial trackage of Potlatch Corporation's Cypress Bend Mill near Arkansas City, Arkansas, a total distance of approximately 11.2 route miles (the "Cypress Bend Line"). AKMD also will lease the yard at the east end of the Potlatch Spur and, except for yard tracks 001 and 002, the remainder of McGehee Yard that it does not already lease, and will obtain restated incidental bridge trackage rights over UP's rail line between milepost 406.5 at McGehee and milepost 415.26 at Dermott, Arkansas, a distance of approximately 8.76 miles.

AKMD expects to consummate its lease of the Cypress Bend Line on or shortly after August 8, 2005.

Comments must be filed with the Board and served on:

William C. Sippel
Fletcher & Sippel LLC
29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832
(312) 252-1500

This Notice is filed under 49 C.F.R. § 1150.41. If the Notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Dated: August __, 2005

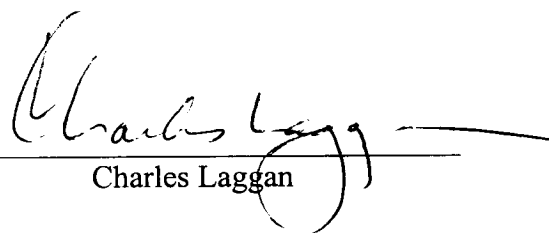
By the Board

Vernon A. Williams
Secretary

VERIFICATION

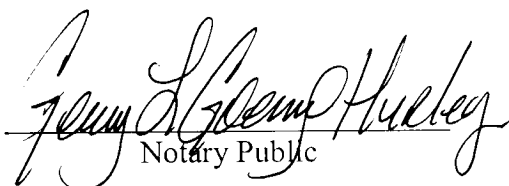
State of Arkansas)
) ss:
County of Hot Spring)

Charles Laggan, being duly sworn, deposes and says that he is Vice President and General Manager of Arkansas Midland Railroad Company, Inc., that he has read the foregoing Notice of Exemption and knows the facts asserted therein, and that the same are true as stated.



Charles Laggan

SUBSCRIBED AND SWORN TO
before me this 27 day
of July, 2005.



Notary Public

My Commission expires:

Aug 8, 2007